


Transfers - Key Points

A school administrator must be aware of the basics of transfers. Without a solid understanding of this issue, funds may not be managed to the best advantage of the district. ...or, at a minimum, make it more difficult to accomplish the district budget plan. Many of the issues regarding school finance are “district specific” meaning that what may affect one district may not have the same effect on another. When a neighboring superintendent says, “I didn’t think we could do that...make that transfer...set that levy, etc, but you did. How can you do that? They told me I couldn’t do that!” It may be because the district meets a whole different set of criteria for this particular action. When discussing school finance issues with other of superintendents, remember there may be several different answers to a given question and the answer for a specific district depends on “district specific” data and/or conditions.

It is **essential** that the district make an accurate estimate of the new year’s expenditures from the Capital Projects Fund. A new administrator may have had little or no input into the budget and should take a critical look at the numbers used to build this budget. If total expenditures vs. revenues are not realistic, the district may have trouble paying for those budgeted expenditures. The penalty for an inappropriate transfer is the recovery of those over-transferred amounts from the district’s state aid payment in the next school year.

Types of Transfers [The numbers in parenthesis (001) correspond to the ASBR, Part I-A, Transfer Summary]

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1. **Textbook Fund Balance (001)**
 2. **Zero Teachers Fund Balance (002) (monthly agenda item)**
 3. **Debt Service Balance (003)**
 - (a) Section 165.011.2, RSMo. If a balance remains in the Debt Service Fund, after the total outstanding indebtedness for which the fund was levied is paid, the board MAY transfer the unexpended balance to the Capital Projects Fund.
 4. **Transportation (004)**
 - (a) Calculated by DESE & indicated monthly on the BU110 report.
 - (b) Based on prior year allowable transportation expenditures.
 - (c) Transfer amounts may be used for any legitimate capital outlay.
 - (d) It is probably to the district’s advantage to make this transfer every year.

NOTE: In the three previous years when the transportation appropriation increased from the prior year, the increase was allowed to be recorded as a revenue into the Capital Projects Fund. This authorization for direct placement of transportation revenue into the Capital Projects Fund was in addition to the transportation transfer. Transportation revenue cannot be recorded in the Capital Projects Fund in FY02.

5. **Area Vocational-Technical Schools (005)**
 - (a) Amounts necessary for capital outlay purposes in a district operated vocational-technical school. (Should not be confused with the regular vocational programs such as-agriculture, family and consumer science, business, other)

Transfers - Key Points

6. Grant Match (006)

- (a) GRANTS/GRANTS-IN-AID: Subsidy or financial assistance furnished by a central governmental agency to a local governmental agency to help finance a particular project and can be based on a flat grant or equalization basis.
- (b) All grants that have a capital outlay component should be entered on the Grant Match Detail data entry screen (ASBR, Part I, Grant Match Detail).
- (c) Amounts indicated on the ASBR, Part I-A, Transfer Funds Detail, Line 006, Grant Match Transfer may not exceed the maximum calculated transfer as indicated on Part I, Grant Match Detail, Column D.
- (d) The amount of allowable transfer for local match is based on the “grantor” specified local match **percentage** required and may be an amount substantially less than the actual amount the district may add to a project in “local dollars”.
- (e) There are, in effect, **two local match amounts**:
 - (1) The first local match relates to the “grantor” specified percentage which is used to calculate the allowable transfer to the Capital Projects Fund (based on 10%, 20%, 30% ...or as much as 100% for some grants).
 - (2) The second local match is the total additional dollars required from local sources to fully fund a particular capital outlay project. These additional amounts, while being local dollars, are **NOT considered local match for the purpose of the Grant Match transfer** from the General (Incidental) Fund to the Capital Projects Fund. Additional local expenditures exceeding the allowable grant match transfer must come from other district sources (Capital Projects Fund balance, tax rate in the Capital Projects Fund, etc.).

By definition, the term grant refers to the amount of money actually received from the grantor agency. Grant monies refers to the amounts applied for through the grant program and received from the state or federal grantor agency. The term grant **does not include local match amounts** that may be required as a condition of the grant. The district does not give itself a grant.

7. Energy Conservation Loans (007)

- (a) Amounts necessary to pay principal & interest on DNR energy loans (per Section 640.653, RSMo, or
- (b) Energy Savings Performance Contracts (per Sections 8.231, RSMo. and 165.011(11), RSMo.) and
- (c) **must** be generated from energy savings in the Incidental Fund.

8. Food Services (008)

- (a) Expenditures for food service equipment from balances in the food service account.
- (b) Equipment expenditures do not require coordination with School Food Services.
- (c) Expenditures for renovations require coordination with School Food Services.

Transfers - Key Points

9. **Student Activities (009)**
 - (a) Student designated capital outlay.
 - (b) Funds placed into this account must be generated by student activities.
10. **GTB/Line 1 Transfer (010)**
 - (a) District may transfer the greater of the previous year GTB **or** 9% of the Basic Formula Line 1 entitlement calculation (Line 010).
 - (b) Primary source of revenue for capital outlay needs of the district.
 - (c) May be expended for any capital outlay purpose.
 - (d) May be used to build fund balances if the district meets certain certificated salary requirements.
 - (e) If a district does not comply with certain certificated salary requirements, the allowable transfer for any given year must be calculated using the DESE provided *WORKSHEET FOR CALCULATION OF ALLOWED GTB/Line 1 TRANSFER*. A district in this situation may not simply transfer the calculated GTB amount. The allowable transfer is the lesser of the GTB transfer or the **adjusted expenditure** (total capital outlay minus all appropriate revenue available for capital outlay). The adjusted expenditure indicates all capital outlay NOT covered by some other revenue source within the district.
 - (f) Before the GTB Transfer may be made, a district must: [165.011.5, RSMo]
 - (1) Meet the requirements of Section 163.021, RSMo:
 - Minimum of 174 days/1044 hours (522 for Kindergarten)
 - Set tax rates no lower than \$2.75 (with few exceptions)
 - Set teacher salaries at minimum of \$18,000/\$24,000 (Masters + 10)
 - Expend 75% of 1% of Basic Formula apportionment
 - Receipt of certain state revenues by fund based on levy by fund
 - (2) Set tax rates pursuant to Section 164.011, RSMo.
 - (3) To qualify to use this transfer authority to pay lease purchase principal and interest, the district must:
 - Incur obligation prior to August 28, 2001
 - Limit term of such obligations to no more than 20 years
 - Limit payments to non-athletic, classroom instructional facilities
 - (4) Principal and interest payments for lease purchase obligations entered into **after** January 1, 1997 may not be paid from the GTB Transfer.
11. **Capital Projects Fund Interest (012)**
 - (a) Section 165.011.2, RSMo. After making all placements of interest otherwise provided by law, a district may transfer from the Capital Projects Fund to the Incidental Fund the interest earned from undesignated balances in the Capital Projects Fund.
12. **Unspent Bond Proceeds (013)**
 - (a) Section 165.011.2, RSMo. If a balance remains in the bond proceeds after

Transfers - Key Points

completion of the projects for which the bonds were issued, the balance SHALL be transferred from the Capital Projects Fund to the Debt Service Fund.

13. Safety and Security (014)

- (a) Section 165.011 (2), RSMo. The transfer from the Incidental Fund equals the Capital Projects Fund expenditures for school safety and security purposes. Capital outlay expenditures for School Safety and Security purposes must be coded to function code 2546 – Security Services